



Legislative Fiscal Bureau

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August 7, 2013

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: State Tax and Fee Modifications Included in 2013 Act 20

This memorandum provides information on state tax and fee changes included in 2013 Act 20, the 2013-15 biennial budget act.

The attached table provides a brief description of each state tax and fee modification in Act 20. The table consists of three parts: (1) tax increases and decreases; (2) fee increases and decreases; and (3) enhanced collection measures. Each entry in the table includes the agency name, the Legislative Fiscal Bureau's August, 2013, comparative budget document item that describes the change in more detail, a summary of the proposed modification, and an estimate of the revenue change due to the tax or fee modification.

In the table, GPR represents general fund revenue. Revenue to a program revenue account is signified by PR and SEG signifies revenue to a segregated fund. "Unknown" means that no estimate of the revenue impact is available at this time.

In summary, the changes included in Act 20 would decrease net taxes by -\$703,749,500 (-\$349,358,900 in 2013-14 and -\$354,390,600 in 2014-15) and would increase net fees by \$7,860,000 (\$3,242,700 in 2013-14 and \$4,617,300 in 2014-15). In addition, it is estimated that measures included in Act 20 to enhance the collection of current taxes would generate an additional \$92,044,000 (\$31,872,000 in 2013-14 and \$60,172,000 in 2014-15).

The sum of these revenue changes for the 2013-15 biennium follows:

Net Tax and Fee Changes

	<u>2013-14</u>	<u>2014-15</u>	<u>Total</u>
GPR	-321,574,000	-356,849,000	-678,423,000
PR	3,228,400	2,034,300	5,262,700
SEG	<u>-27,770,600</u>	<u>5,041,400</u>	<u>-22,729,200</u>
TOTAL	-346,116,200	-349,773,300	-695,889,500

Enhanced Collection Measures

	<u>2013-14</u>	<u>2014-15</u>	<u>Total</u>
GPR	\$31,872,000	\$60,172,000	\$92,044,000

	2013-14	2014-15	Fund Source
TAX INCREASES			
GENERAL FUND TAXES			
Basis of Assets and Partnership Interests. [Page 275, Item 8]. Make the state basis of assets and partnership interests more similar to the federal basis as a result of the federalization of depreciation, Section 179 expensing, depletion, and other provisions.	Minimal	\$200,000	GPR
Income Tax Deferral for Capital Gains Reinvested in Qualified New Business Ventures. [Page 275, Item 9]. Sunset the income tax deferral for capital gains that are reinvested in qualified new business ventures certified by the Wisconsin Economic Development Corporation (WEDC) for tax years beginning after December 31, 2013. The deferral was enacted in 2009 Act 28, and first applied in tax year 2011. 2011 Act 32 created a separate capital gains deferral for amounts reinvested in certain Wisconsin-based businesses and a full exclusion for gains on investments in certain Wisconsin-based assets that are held for at least five years. The Act 32 provisions would be retained under the bill, with modifications. Elimination of the 2009 Act 28 deferral is included as a tax increase because the deferral could apply to gains that are reinvested in out-of-state new business ventures, which is not allowed under the two Act 32 provisions.	Minimal	Minimal	GPR
Internal Revenue Code (IRC) Update. [Page 283, Item 21]. Adopt specified provisions of federal law for state income and franchise tax purposes, for tax years beginning after December 31, 2012.	\$15,500,000	\$18,200,000	GPR
Sunset Electronic Medical Records Tax Credit. [Page 285, Item 22]. Repeal the electronic medical records tax credit for tax years beginning after December 31, 2013.	\$0	\$5,000,000	GPR
Jobs Tax Credit Modifications--Tier I Wages and Credit Amount. [Page 287, Item 24]. Increase the amount of wages that must be paid to an employee by a jobs credit claimant in a tier I municipality or county from \$20,000 under current law to an amount equal to the amount determined by multiplying 2,080 by 150% of the federal minimum wage (\$22,620 using the current minimum wage of \$7.25 per hour). In addition, provide that the per-employee jobs credit could be an amount <u>up to</u> 10% of the wages paid to the employee (subject to a maximum credit amount of \$10,000 per employee) instead of an amount equal to 10% of the employee's wages (subject to the \$10,000 maximum amount).	Minimal	Minimal	GPR
Enterprise Zones Tax Credit--Tier I Wages. [Page 288, Item 26]. Increase the amount of wages that must be paid to an employee by an enterprise zone jobs tax credit claimant in a tier I municipality or county from \$20,000 under current law to an amount equal to the amount determined by multiplying 2,080 by 150% of the federal minimum wage (\$22,620).	Minimal	Minimal	GPR

	2013-14	2014-15	Fund Source
<p>Sunset Business Tax Credits. [Page 291, Item 31]. Eliminate the following refundable income and franchise tax credits, beginning in tax year 2014: (a) dairy manufacturing facility investment; (b) meat processing facility investment; (c) food processing facility and food warehouse investment; (d) beginning farmer and farm asset owner; and (e) film production services and investment. Repeal the refundable woody biomass harvesting and processing investment credit in tax year 2015.</p> <p>Eliminate the following nonrefundable credits beginning in tax year 2014: (a) super research and development; (b) post-secondary education; (c) dairy and livestock farm investment; (d) ethanol and biodiesel fuel pump installation; (e) biodiesel fuel production; (f) water consumption; (g) internet equipment; (h) relocated business; (i) research facilities; (j) community development finance; and (k) health insurance risk-sharing plan (HIRSP) assessment.</p>	\$5,100,000	\$20,575,000	GPR
<p>Limit Manufacturing and Agriculture Credit. [Page 292, Item 32]. Beginning in tax year 2014, modify the manufacturing and agriculture credit to specify that the credit could not exceed the amount of income or franchise tax paid on the income on which the credit is based.</p>	Minimal	Minimal	GPR
WORKFORCE DEVELOPMENT			
<p>Unemployment Insurance Tax Rates. [Page 798, Item 5]. Create higher unemployment insurance tax rates for employers with negative reserve percentages. The new rates would first apply with respect to taxable payrolls beginning January 1, 2015.</p>	\$0	\$18,800,000	SEG
SUBTOTAL -- TAXES -- INCREASES	\$20,600,000 \$0	\$43,975,000 \$18,800,000	GPR SEG
TAX DECREASES			
GENERAL FUND TAXES			
<p>Income Tax Rate Reduction. [Page 271, Item 1]. Reduce all five marginal tax rates under the individual income tax from 4.6%/6.15%/6.5%/6.75%/7.75% under current law to 4.4%/5.84%/6.27%/6.27%/7.65%, effective with tax year 2013.</p>	-\$327,800,000	-\$320,100,000	GPR
<p>Sales Tax Nexus; Minimum Tax; Income Tax Rate Reductions. [Page 272, Item 2]. Specify that additional sales and use tax revenues resulting from any federal law change that expands the state's ability to require out-of-state sellers to collect and remit sales and use taxes on remote sales to Wisconsin residents during the first 12 months after the state begins to collect the additional revenues be used first to eliminate the alternative minimum tax and then to further reduce income tax rates.</p>	Unknown	Unknown	GPR
<p>Income Tax Deduction for Private School Tuition. [Page 273, Item 3]. Create an individual income tax deduction for tuition paid by a claimant to a private school, beginning in tax year 2014. Limit the deduction to tuition expenses of up to \$4,000 per year per pupil enrolled in kindergarten through grade eight and \$10,000 per year per pupil enrolled in grades nine through twelve.</p>	\$0	-\$30,000,000	GPR

	2013-14	2014-15	Fund Source
Net Operating Losses. [Page 273, Item 4]. Effective in tax year 2014, permit net operating losses to be carried forward for up to 20 years (instead of 15 years under current law) under the individual income tax. In addition, allow net operating losses to be carried back for two years. Carry-backs are not allowed under current law.	-\$1,700,000	-\$6,800,000	GPR
Small Business Stock. [Page 273, Item 5]. Federalize the taxation of gains on certain small business stock, effective with gains realized after December 31, 2013.	-\$800,000	-\$2,300,000	GPR
Farm Loss Limits. [Page 274, Item 6]. Effective in tax year 2014, eliminate the limits on the amount of farm loss that may be used to offset other sources of income for taxpayers who are not actively engaged in farming.	-\$200,000	-\$700,000	GPR
Exclusion for Armed Forces Members Who Die While on Active Duty. [Page 274, Item 7]. Create an individual income tax exclusion for income received by an individual who is on active duty in the U.S. armed forces, and who dies while on active duty if the individual's death occurred while he or she was serving in a combat zone or as a result of wounds, disease, or injury incurred while serving in a combat zone, effective for taxable years beginning after December 31, 2012. Extend the exclusion to income received by the individual in the year of death and in the year immediately preceding that year if the individual has not filed an income tax return for the year before the year of death.	Minimal	Minimal	GPR
Higher Education Tuition Deduction. [Page 277, Item 10]. Index the income phase-out range for the income tax deduction for higher education tuition expenses based on annual changes in the consumer price index, effective in tax year 2013.	-\$670,000	-\$1,530,000	GPR
Exclusion for Interest on Certain WHEFA Bonds or Notes. [Page 278, Item 11]. Provide an exclusion under the individual income tax, the corporate income and franchise tax, and the income tax on insurance companies for interest income received on bonds or notes issued by the Wisconsin Health and Educational Facilities Authority (WHEFA) provided the bonds or notes are issued to a person who is eligible to receive bonds or notes from another issuer for the same purpose as the bonds or notes issued for the person by WHEFA and the interest income from those other bonds or notes would also be exempt. Provide the exclusion for tax years beginning on January 1, 2013.	Minimal	Minimal	GPR
Eliminate the Angel Investment Credit Limit. [Page 278, Item 13]. Eliminate the \$47.5 million limit on the maximum amount of angel investment credits that WEDC can allocate.	\$0	-\$5,000,000	GPR
Veterans and Surviving Spouses Property Tax Credit. [Page 279, Item 15]. For tax years beginning on January 1, 2014, expand the refundable veterans and surviving spouses property tax credit to include unremarried surviving spouses of individuals, when the Department of Veterans Affairs has verified that the individual has met the following criteria: (a) the individual had served on active duty under honorable conditions in the U.S. armed services or in forces incorporated as part of the U.S. armed forces; (b) the individual was a resident of Wisconsin at the time of entry into that active service or had been a resident of Wisconsin for any consecutive five-year period after entry into that active duty service; (c) the individual was a resident of Wisconsin at the time of death; and (d) following the individual's death, the individual's spouse began to receive, and continues to receive, dependency and indemnity compensation as defined under federal law.	\$0	-\$8,570,000	GPR

	2013-14	2014-15	Fund Source
Increase Cap on Economic Development Tax Credits. [Page 286, Item 23]. Increase the aggregate amount of economic development tax credits that WEDC may allocate by \$36 million, from \$128.3 million to \$164.3 million. Permit WEDC to request an additional increase of \$39 million, subject to approval by the Joint Committee on Finance.	-\$3,700,000	-\$9,000,000	GPR
Jobs Credit Modifications--Definition of "Full-Time Job". [Page 287, Item 24]. Allow WEDC to grant an exception to the requirement that a full-time job, for purposes of the jobs credit, must require at least 2,080 hours per year of work if annual pay for the position is equal to at least 150% of the federal minimum wage multiplied by 2,080.	Minimal	Minimal	GPR
Other Enterprise Zones Tax Credit Modifications. [Page 288, Item 26]. Modify provisions regarding the enterprise zones credit as follows: (a) authorize WEDC to certify any type of manufacturer, rather an original equipment manufacturer, with a significant supply chain in the state to claim a credit for retaining jobs, if the business makes a significant capital investment in an enterprise zone; (b) eliminate the requirement that a capital investment in an enterprise zone must be at least 10% of the firm's gross revenues in Wisconsin in the previous year and instead require that it be a significant capital investment, as determined by WEDC; and (c) allow WEDC to grant an exception to the requirement that a full-time job for purposes of the credit must require at least 2,080 hours per year of work if annual pay for the position is equal to at least 150% of the federal minimum wage multiplied by 2,080.	Minimal	Minimal	GPR
Depreciation, Section 179 Expensing, Depletion. [Page 292, Item 33]. Federalize the treatment of depreciation, Section 179 expensing, and depletion for property placed in service on or after January 1, 2014, and specify that any federal changes regarding Section 179 expensing (but not depreciation or depletion) that are enacted after that date would be automatically adopted for state tax purposes. In addition, specify that for property placed in service before January 1, 2014, the taxpayer must consolidate the difference between federal tax basis and state tax basis into a single asset account that may be amortized/depreciated over five years (tax years 2014 through 2018).	-\$1,200,000	-\$3,800,000	GPR
Extend Research Credits to Non-Corporate Businesses. [Page 293, Item 34]. Allow sole proprietors, partners, members of limited liability companies, and shareholders of tax-option corporations to claim the research and research facilities credits, beginning in tax year 2013. The research facilities credit would be repealed in tax year 2014.	-\$1,900,000	-\$7,500,000	GPR
Historic Rehabilitation Credit. [Page 293, Item 35]. Beginning in tax year 2013, increase the percentage of the state supplement to the federal historic rehabilitation tax credit from 5% to 10% under the individual income tax and the corporate income and franchise tax.	-\$1,700,000	-\$1,700,000	GPR
Tax Reform Interaction Effects. [Page 293, Item 36]. Estimate reduced income and franchise tax revenues to reflect the interaction effects of the other provisions described above.	-\$300,000	-\$1,200,000	GPR

	2013-14	2014-15	Fund Source
Sales Tax on Lump-Sum Contracts. [Page 293, Item 1]. Modify the treatment of taxable goods and services that are provided in connection with a lump-sum contract to perform real property construction to specify that if the total sales price of the taxable items is less than 10% of the total contract amount, and the contract is not with a tax-exempt purchaser, the contractor is the consumer of the taxable items and must pay tax on the purchase price of those items. Under current law, the contractor may choose to pay the tax on the purchase price or separately state the price of the taxable items and collect the tax from the purchaser of the construction services. The administration estimates that this provision would result in a revenue loss because contractors would no longer have the option of having their customers pay tax on the sales price of the taxable items, including the contractor's mark-up. Instead, the tax under these contracts would always be imposed on the contractor's purchase price of the taxable items, which will generally be lower than the price charged by the contractor.	-\$460,000	-\$580,000	GPR
Sales Tax Exemption for Qualified Research. [Page 294, Item 2]. Modify the sales tax exemption for items used in qualified research related to manufacturing and biotechnology to provide the exemption for items purchased for use in research by an entity that is a member of a combined group of businesses (as defined under the combined reporting statutes), provided at least one member of the combined group is either engaged in manufacturing at a building assessed as manufacturing property in Wisconsin or is engaged primarily in biotechnology.	-\$900,000	-\$900,000	GPR
Sales Tax Exemption for Printing Direct Mail. [Page 299, Item 6]. Provide a sales tax exemption for printing and imprinting advertising and promotional direct mail, effective July 1, 2013.	Minimal	Minimal	GPR
Credit for Sales Tax Paid to Another State on Direct Mail. [Page 300, Item 10]. Specify that the current limitations on when a purchaser of direct mail services may receive a credit for sales tax paid to another state would only apply to advertising and promotional direct mail, and not to other types of direct mail.	Minimal	Minimal	GPR
Sales Tax Exemptions for Printing Industry. [Page 301, Item 11]. Create exemptions from the state sales and use tax for the following transactions by certain persons engaged in the printing industry: (a) purchase of computers and servers that are used to store copies of the product that is sent to a printing press; and (b) purchases from out-of-state sellers of items that are temporarily stored, remain idle, and are not used in this state for not more than six months and that are then delivered and used outside this state.	-\$1,000,000	-\$1,300,000	GPR
Sales Tax Exemption for Self-Service Laundry. [Page 302, Item 12]. Specify that the current sales tax exemption for coin-operated, self-service laundry machines would apply to all self-service laundry machines (not just coin-operated).	Minimal	Minimal	GPR
Economic Development Surcharge. [Page 770, Item 7]. Eliminate the economic development surcharge for farms, partnerships, and individuals, beginning in tax year 2013.	-\$8,000,000	-\$8,000,000	SEG

	2013-14	2014-15	Fund Source
HEALTH SERVICES			
ICF-ID Bed Assessment. [Page 366, Item 13]. Repeal a formula that annually calculates the amount of the monthly bed assessment paid by intermediate care facilities for the intellectually disabled (ICFs-ID) and, instead, establish the amount of the bed assessment by statute at the 2012-13 level (\$910 per month).	-\$628,900	-\$1,185,600	SEG
WORKFORCE DEVELOPMENT			
Special Assessment for Interest Payments. [Page 794, Item 3]. Create a sum sufficient GPR appropriation, not exceeding \$30 million, to pay interest on advances made by the federal government to the unemployment reserve fund. As a result, assessments that would otherwise be levied on employers with taxable payrolls of more than \$25,000 in the previous year are estimated to be reduced by \$26 million over the biennium.	-\$19,000,000	-\$7,000,000	SEG
SUBTOTAL -- TAXES -- DECREASES	-\$342,330,000 -\$27,628,900	-\$400,980,000 -\$16,185,600	GPR SEG
FEE INCREASES			
ADMINISTRATION			
Register of Deeds Fee. [Page 54, Item 16]. Increase the fee for recording or filing most instruments that are recorded or filed with a county Register of Deeds from \$25 to \$30. Eliminate the \$5 social security number redaction fee, but maintain the requirement to redact social security numbers from documents posted to the Internet. Beginning January 1, 2015, require the Register of Deeds to submit to DOA each month \$15 of the recording or filing fee. Currently, the Register of Deeds must submit \$10 of each fee. Under the bill, a county may retain \$8 of the \$15 (\$8 of the \$10 under current law) if certain conditions are met, including the establishment of a land information office, land information council, and countywide plan for land records modernization. Permit each county to retain \$5 (in addition to the \$8, if applicable) of the portion of each fee submitted to DOA until January 1, 2015. Under the bill, the fee would remain \$30 after January 1, 2015, at which time all counties would be required to submit to the Department \$15 of each \$30 fee, unless the county met the criteria permitting the retention of \$8 for development and implementation of a countywide plan for land records modernization. Convert the land information PR appropriation to a SEG appropriation, funded from a newly created land information fund that receives moneys submitted to DOA by Registers of Deeds.	\$0	\$2,562,100	SEG
Self-Funded Portal Fees. [Page 69, Item 3]. Authorize DOA to assess fees for the cost of providing information technology services to individuals. The administration indicates that new fees will be established to fund web-based government services and information. The fees may be assessed to individuals, authorities, units of the federal government, local governmental units, private sector entities, and state agencies. At this time, it is unknown what services will be associated with a fee, what the fee amounts will be, or to whom the fees will be charged.	Unknown	Unknown	PR
E-Procurement Fee. [Page 82, Item 1]. Allow DOA to assess agencies and vendors for the costs to develop an electronic procurement system, in accordance with a method that DOA develops. It is unknown which vendors will be charged or what fee level will be established.	Unknown	Unknown	PR

	2013-14	2014-15	Fund Source
CHILDREN AND FAMILIES			
Fee For Fingerprinting Child Care Providers. [Page 201, Item 13]. Authorize the Department of Children and Families to charge a fee (estimated at \$31.50 per person) for obtaining fingerprints and background investigations of child care providers who are participating, or wish to participate, in the Wisconsin Shares subsidy program, along with their non-client residents and employees.	\$140,000	\$140,000	PR
INSURANCE			
Exchange Navigators. [Page 415, Item 10] Authorize OCI to issue licenses to individual navigators and to register navigator entities. Under the Patient Protection and Affordable Care Act, navigators will facilitate enrollment in health insurance coverage purchased through a health benefits exchange. For individual navigators, establish the initial license fee at \$75 and the annual renewal fee at \$35; for navigator entities, set the initial and annual registration fee at \$100.	Unknown	Unknown	PR
JUSTICE			
DNA Analysis Surcharge. [Page 441, Item 1]. Provide that if a court imposes a sentence or places a person on probation for any felony or misdemeanor violation, the court must impose the DNA analysis surcharge. For each felony conviction a \$250 DNA analysis surcharge must be imposed, while for each misdemeanor conviction a \$200 DNA analysis surcharge must be imposed. Provide that the DNA analysis surcharge changes initially apply or take effect six months after publication of Act 20. Under current law, a court must impose a \$250 DNA analysis surcharge if an individual is sentenced or placed on probation for the following violations: (a) sexual assault; (b) first or second degree sexual assault of a child; (c) engaging in repeated acts of sexual assault of the same child; and (d) sexual assault of a child placed in substitute care. Current law further provides that a court may, but is not required to, impose the \$250 DNA analysis surcharge if an individual is sentenced or placed on probation for a felony violation. The DNA surcharge is not currently applied to misdemeanor convictions.	\$994,700	\$2,768,100	PR
NATURAL RESOURCES			
Bonus Deer Permits in CWD Zones. [Page 508, Item 16]. In addition to the bonus deer hunting permits authorized under current law (subject to a permit fee of \$12 for residents or \$20 for non-residents, including an issuance fee of 75¢), create a \$5.75 bonus deer hunting permit which authorizes the holder to take an additional deer in a county or deer management area in which the Department has confirmed that a deer has tested positive for chronic wasting disease (CWD). Of the total fee, \$5 from each permit would be credited to a new appropriation created for the management of and testing for chronic wasting disease. Revenues from bonus deer permits are currently used to fund wildlife damage programs.	\$300,000	\$300,000	SEG

	2013-14	2014-15	Fund Source
<p>Air - Federally-Regulated Sources. [Page 530, Item 1]. Increase the annual fee paid by facilities that are subject to federal regulation delegated to DNR under the Clean Air Act to operate a stationary source that emits air pollutants. Add an annual flat fee for all federally-regulated stationary sources, beginning with fees assessed in 2014 for calendar year 2013 emissions, based on the tons of actual billable emissions from the facility in the prior calendar year: (a) \$900 if the source emitted not more than 10 tons of billable emissions in the prior calendar year; (b) \$1,300 if the source emitted more than 10 tons but not more than 25 tons in the prior calendar year; (c) \$1,600 if the source emitted more than 25 tons but not more than 50 tons in the prior calendar year; (d) \$2,300 if the source emitted more than 50 tons and not more than 80 tons per year in the prior calendar year; and (e) \$3,000 if the source emitted more than 80 tons per year in the prior calendar year. In addition, require federally-regulated sources to pay any or all of the following annual fees, if applicable, beginning with fees assessed in 2014 for calendar year 2013 emissions: (a) \$960 if one or more federal maximum achievable control technology standards apply to the source; (b) \$960 if one or more federal new source performance standards apply to the source; (c) \$1,500 if federal prevention of significant deterioration permitting applies to the source; and (d) \$46,980 if the source is an electric generating source that includes a coal-fired generating unit, and the source is not publicly owned. The fees are deposited in a program revenue appropriation for administration of permitting activities at DNR-permitted federally-regulated sources.</p>	\$1,857,600	\$1,857,600	PR
<p>Air - State-Regulated Sources. [Page 532, Item 2]. Increase from \$300 to \$400, the annual fee paid by most facilities that are required, under state law but not federal law, to obtain a permit to operate a stationary source that emits air pollutants. The fees are deposited in a program revenue appropriation for administration of permitting activities at state-regulated sources.</p>	\$170,800	\$170,800	PR
<p>Transfer PECFA Program to DNR. [Page 537, Item 12]. Low- and medium-risk PECFA-eligible sites (petroleum environmental cleanup fund award program) would become subject to DNR approval for closure after completion of cleanup of the site, instead of DSPS approval, and would also become subject to the current DNR case closure fee of \$750. Roughly 100 transferred sites may be closed in each of 2013-14 and 2014-15.</p>	\$75,000	\$75,000	PR
PUBLIC INSTRUCTION			
<p>BadgerLink Funding. [Page 611, Item 20]. Provide funding above the base level of \$2,448,900 for statewide Internet access to periodical and reference information databases, which are part of the BadgerLink project. Provide that funding will be from the universal service fund, which receives its funding through Public Service Commission assessments on annual gross operating revenues from intrastate telecommunications providers, which they can fully recover through pass-through assessments on subscribers.</p>	\$29,900	\$36,100	SEG
<p>Library Service Contracts. [Page 611, Item 21]. Provide funding above the base level of \$1,144,500 for contracts with four providers of specialized statewide library services and resources. Provide that this funding will be from the universal service fund, which receives its funding through Public Service Commission assessments on annual gross operating revenues from intrastate telecommunications providers, which they can fully recover through pass-through assessments on subscribers.</p>	\$22,700	\$22,700	SEG

	2013-14	2014-15	Fund Source
<p>Newsline for the Blind. [Page 612, Item 22]. Provide funding above the base level of \$111,100 for services provided by the National Federation of the Blind and the Wisconsin Talking Book and Braille Library, which provides access to national and local periodicals for blind individuals. Provide that this funding will be from the universal service fund, which receives its funding through Public Service Commission assessments on annual gross operating revenues from intrastate telecommunications providers, which they can fully recover through pass-through assessments on subscribers.</p>	\$0	\$400	SEG
<p>REVENUE</p>			
<p>Federal Tax Offset Fee. [Page 624, Item 4]. Authorize the Department of Revenue (DOR) to pass the \$22 Internal Revenue Service fee charged for participation in the federal tax refund offset program to the debtor. Currently, DOR pays the fee from amounts recovered through the offset program.</p>	\$156,000	\$156,000	GPR
<p>SAFETY AND PROFESSIONAL SERVICES</p>			
<p>Fire-Safe Cigarettes Program. [Page 662, Item 13]. Modify the definition of a "manufacturer" subject to regulation under the fire-safe cigarettes program to include any person who owns an automated roll-your-own machine that is used to make cigarettes, but not to include an individual who owns a roll-your-own machine and uses the machine in his or her home solely to make cigarettes for his or her personal use or for the use of other individuals who live in his or her home. Manufacturers must: (a) file a written certification with DSPS every three years, certifying that the cigarettes it sells comply with specified fire safety performance standards; (b) pay a fee of \$1,000 for the three-year period for each brand family of cigarettes listed in the certification; and (c) conduct testing of the fire safety of the cigarettes in accordance with specified standards. The fees are deposited in a Safety and Buildings program revenue appropriation for administration of building code, plan review, and inspection activities. It is uncertain how many roll-your-own machine owners would meet the fire-safe standards and would pay the certification fee.</p>	Unknown	Unknown	PR
<p>TRANSPORTATION</p>			
<p>Sponsorship Agreements. [Page 721, Item 18]. Permit the Department to enter into sponsorship agreements with a public or private entity, under which the Department displays advertising, promotional or sponsorship material, or other information associated with the sponsor at locations owned or controlled by the Department, including documents, highway maps, websites, vehicles, and equipment, in exchange for the sponsor's payment of fees or provision of services to the Department. Deposit all fees collected under sponsorship agreements in a newly-created, PR appropriation for supplementing highway maintenance program appropriations.</p>	Unknown	Unknown	PR
<p>Surveying Reference Station System Access Fees. [Page 722, Item 19]. Authorize DOT to charge users of the Department's surveying reference station system a fee for access to the system, in an amount established by rule, and allow DOT to spend all moneys received from such fees. The system would be used by governmental and private entities for a variety of engineering and other applications. In its budget request, the Department indicated that the fee would be approximately \$525 per user, with a maximum charge of \$2,100 for any one entity.</p>	\$0	\$470,000	PR

	2013-14	2014-15	Fund Source
Operating While Intoxicated Driver Improvement Surcharge. [Page 732, Item 5]. Increase the OWI driver improvement surcharge by \$70, from \$365 to \$435, first applying to offenses committed on the effective date of the bill.	\$624,700	\$1,249,400	PR
SUBTOTAL -- FEES -- INCREASES	\$156,000 \$3,862,800 \$352,600	\$156,000 \$6,730,900 \$2,921,300	GPR PR SEG
FEE DECREASES			
AGRICULTURE, TRADE AND CONSUMER PROTECTION			
Agricultural Chemical Cleanup Surcharge Reductions. [Page 100, Item 7]. Reduce surcharges deposited to the segregated agricultural chemical cleanup program (ACCP) fund by approximately 20%. The surcharge reductions would be estimated to reduce ACCP revenues by \$330,000 annually beginning in 2013-14, with additional annual reductions of \$145,000, or \$475,000 annually, beginning in 2015-16 once the provision is fully implemented.	-\$330,000	-\$330,000	SEG
Agricultural Producer Security Program -- Milk Contractor Assessments. [Page 111, Item 26]. Specify that milk contractors are to exclude the following items from the calculation of current asset-to-liability ratios and debt-to-equity ratios for purposes of financial reports required under the agricultural producer security program: (a) a liability arising from the funding status of a defined-benefit pension plan; and (b) an asset and liability both collectable from, and owed to, the contractor itself. DATCP reports recent milk contractor financial statements indicate the exclusion of pension liabilities would result in a reduction of perhaps \$3,300 SEG annually in producer security assessments deposited to the agricultural producer security fund under current program conditions. The fiscal effect of the other exclusion for certain assets and liabilities owed internally, if any, is not known.	-\$3,300	-\$3,300	SEG
INSURANCE			
Non-Resident Agent Appointment Fees. [Page 411, Item 7]. Reduce the initial and renewal fees that OCI collects for the appointment of a non-resident agent from \$50 to \$40, effective July 1, 2014.	\$0	-\$3,977,200	PR

	2013-14	2014-15	Fund Source
<p>JUSTICE</p> <p>Handgun Purchaser Record Check Fee. [Page 428, Item 7]. Reduce from \$13 to \$10, the handgun purchaser record check fee which is assessed on a firearms dealer for each required background check.</p> <p>Currently, under s. 175.35 of the statutes, when a firearms dealer sells a handgun in Wisconsin, the dealer may not transfer possession of that handgun until all of the following events occur: (a) the dealer has inspected photographic identification from the purchaser; (b) the purchaser has completed a notification form with the purchaser's name, date of birth, gender, race, and social security number so that the Department of Justice (DOJ) may perform an accurate record search; (c) the dealer has submitted the information to DOJ and has requested a firearms restrictions record search; and (d) 48 hours have lapsed (subject to certain extensions) and DOJ has not notified the dealer that the transfer would be a violation of state or federal law. A \$13 handgun purchaser record check fee is assessed on the dealer (who may pass the charge on to the purchaser) for each background check. These fee revenues are remitted to DOJ and are intended to fund the cost of operating the record check program.</p>	-\$434,400	-\$434,400	PR
<p>NATURAL RESOURCES</p> <p>Private Pond Fishing. [Page 502, Item 11]. Specify that no fishing license is required for a resident or nonresident to fish in a pond that is a self-contained body of water and that is located entirely on private property owned by a person who gives permission to the person to fish in the pond. No estimate of fishing license sales impacts is available.</p>	Unknown	Unknown	SEG
<p>Wolf Hunting License Fees. [Page 514, Item 22]. Reduce the price of a wolf harvesting license fee from \$100 to \$49 for residents and from \$500 to \$251 for non-residents (the same as the current bear and elk license). In addition, reduce the price of a duplicate wolf harvesting license to \$13 for residents and non-residents.</p>	-\$41,000	-\$41,000	SEG
<p>Veterans Hunting and Fishing License Fee Waiver. [Page 515, Item 24 and Page 698, Item 12]. Require the Department of Veterans Affairs (DVA) to issue a voucher for one resident small game hunting license, resident deer hunting license, resident archer license, or resident annual fishing license to each person who applies for the voucher, is a qualified U.S. veteran who served during the specified war periods (Afghanistan or Iraq wars), and submits the voucher to DNR within one year of discharge. Require DNR to issue each license at no cost and provide \$15,000 annually from the Veterans Trust Fund for DVA to reimburse DNR (fish and wildlife account) for the costs of the licenses.</p>	-\$15,000	-\$15,000	SEG
<p>Armed Forces State Park and Trail Fee Waiver. [Page 529, Item 10]. Provide an exemption from state park vehicle admission stickers to Wisconsin residents who are active duty members of the U.S. armed forces on Veterans Day and during the three-day Memorial Day weekend. In addition, provide a one-time exemption to the fee for an annual state parks vehicle admission sticker (currently \$25) and a one-time exemption from the fee for an annual state trail pass (currently \$20) to Wisconsin residents who are active duty members of the U.S. armed forces.</p>	-\$105,000	-\$105,000	SEG

	2013-14	2014-15	Fund Source
<p>Air Permit Exemptions. [Page 533, Item 4]. Require DNR to exempt natural minor sources of air emissions from the requirement to obtain a state air operation permit. Authorize DNR to promulgate rules to define "natural minor sources." Sources that are exempt from the requirement to obtain an air operation permit are exempt from the requirement to pay an operation permit fee. Natural minor sources currently pay the \$300 annual fee for state-regulated sources (\$400 under the bill). To the extent natural minor sources become exempt from the requirement to obtain a permit, they would become exempt from paying the annual fee. DNR estimates there are almost 800 natural minor sources. It is uncertain precisely when, or how many of, these facilities will become exempt from the requirements to obtain a permit and pay a fee. If all potential sources became exempt it would reduce annual revenues under the bill by up to \$320,000.</p>	Unknown	Unknown	PR
<p>Ballast Water Fees. [Page 541, Item 1]. Extend the statutory ballast water fees from June 30, 2013, to December 31, 2015. Repeal the requirement that DNR promulgate administrative rules for ballast water fees to establish an application fee and annual fee amount to apply as of July 1, 2013. DNR issued a general permit for large ships that travel between Great Lakes ports, and regulates the discharge of ballast water into the Great Lakes. A person must pay a \$1,200 application fee to be covered by the general permit, and an annual fee of \$345 to be paid upon initial coverage under the permit, and annually thereafter. The fees are deposited in a program revenue appropriation for administration of the ballast water discharge program. DNR has not proposed or promulgated the administrative rules required to be promulgated under current law, to go into effect on July 1, 2013. Therefore, it is uncertain what application fee and annual fee amounts would be assessed during the 2013-15 biennium under current law. However, under the bill, no fee would be assessed beginning January 1, 2016.</p>	Unknown	Unknown	PR
<p>SAFETY AND PROFESSIONAL SERVICES</p>			
<p>Eliminate Contractor Registration Program. [Page 657, Item 4]. Eliminate the contractor registration program and the \$115 four-year contractor registration (\$100) and application (\$15) fees. Prohibit DSPS from promulgating or enforcing any rule that requires a person who is engaged, or who offers to engage in a construction business, to hold a registration issued by DSPS, unless the rule relates to a registration specifically authorized by Chapters 101 and 145 of the statutes. The fees are deposited in a program revenue appropriation for administration of building code, plan review, and inspection activities related to construction such as commercial buildings, multi-family dwellings, one- and two-family dwellings, plumbing, private sewage systems, electrical and heating systems, boilers, elevators, electrical wiring, fire safety codes, and amusement rides.</p>	-\$200,000	-\$285,000	PR
<p>SUBTOTAL -- FEES -- DECREASES</p>	-\$634,400 -\$494,300	-\$4,696,600 -\$494,300	PR SEG

ENHANCED COLLECTION MEASURES

GENERAL FUND TAXES			
<p>Roll-Your-Own Cigarettes. [Page 302, Item 1]. Modify the definition of "manufacturer" under the cigarette tax statutes to specifically include persons operating roll-your-own cigarette machines for non-personal use.</p>	\$1,200,000	\$1,400,000	GPR
REVENUE			
<p>Tax Enforcement and Collection Initiatives. [Page 621, Item 2, Page 624, Item 3, Page 624, Item 4, Page 281, Item 17; Page 669, Item 5]. Provide additional resources and enforcement tools to DOR related to the collection of state taxes and other debts owed to the state including: (a) funding and positions to prevent and reduce fraudulent refund and credit claims, to increase enforcement of state tax laws based on federal audit reports, and for delinquent tax and debt collection activities; (b) new civil and criminal penalties for negligent or fraudulent income tax credit or refund claims; (c) requiring a period of ineligibility for persons who file reckless or fraudulent claims for refundable tax credits; (d) additional data sharing with other state agencies; (e) expanded authority to impose liens and levies for unpaid taxes; and (f) expanded authority under the tax refund intercept program. The administration estimates that these provisions would result in increased tax collections of \$27.7 million in 2013-14 and \$55.8 million in 2014-15, as well as reduced homestead and earned income tax credit claims of \$3.0 million annually.</p>	\$30,672,000	\$58,772,000	GPR
SUBTOTAL -- ENHANCED COLLECTION MEASURES	\$31,872,000	\$60,172,000	GPR